REMARKS

The examiner rejected Claims 1-26 under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The examiner contends that: "The specification fails to properly define what an "odd-exposure limit" is."

The examiner also rejected Claims 1-26 under 35 U.S.C. 112, second paragraph, as being indefinite "for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, he (sic)specification fails to properly define what an "odd-exposure limit" is."

In Response to Applicant's arguments, the examiner stated:

> Examiner has decided to maintain the previous 35 U.S.C. 112 rejections
> with regards to the definition of an "odd lot exposure limit." Applicant has directed
> the examiner to page 15, lines 4-19, however this portion of the specification sill does
> not sufficiently define an "odd lot exposure limit." The passage states that the
> "execution manager accesses the "odd lot exposure limit" parameter that is
> maintained for market makers." While it is true the term is referenced, it is never
> once defined how this "parameter" is determined and, more specifically what this
> parameter is (i.e. exposure to what, what quantity ect (sic)), to the point where it
> would enable one skilled in the ordinary art to make use of the invention. Therefore
> this aspect of the rejection is maintained.

Appellant contends that the meaning "odd lot exposure limit" is apparent on its face. Namely, odd lot exposure limit is a limit of the number of odd lots that a participant would be willing to enter into trading against. While exactly how the odd lot exposure limit is expressed (e.g., in shares or number of lots) that is an immaterial detail of implementation. The examiner has the initial burden to establish a reasonable basis to question the enablement provided for the claimed invention. *In re Wright*, 999 F.2d 1557, 1562, 27 USPQ2d 1510, 1513 (Fed. Cir. 1993).

Applicant contends that the examiner has not provided a reasonable explanation as to why this claim element is not adequately enabled by the disclosure. In the prior Reply, applicant noted that support in the specification disclosure was found for example, on page 15, lines 4-19, where applicant's specification states:

Applicant : John Malitzis et al.   Attorney's Docket No.: 09857-057001
Serial No. : 09/812,225
Filed   : March 19, 2001
Page   : 10 of 17

> The odd-lot execution manager 26g will not decrease the market maker's displayed quote size, rather it will decrease the market maker's odd-lot exposure limit.
>
> The odd-lot execution manager 26g accesses the "odd-lot exposure limit" parameter that is maintained for market makers. The odd-lot execution manager 26g also accesses and maintains a market maker interval delay between odd-lot executions against the same market maker. Odd-lots are processed in a round-robin fashion against a market maker even if it is not at the inside, odd-lots are processed only against those market makers who have an available odd-lot exposure limit.

In Response to Applicant's arguments, the examiner stated: "... Applicant has directed the examiner to page 15, lines 4-19, however this portion of the specification still does not sufficiently define an "odd lot exposure limit." The passage states that the "execution manager accesses the "odd lot exposure limit" parameter that is maintained for market makers." While it is true the term is referenced, it is never once defined how this "parameter" is determined and, more specifically what this parameter is (i.e. exposure to what, what quantity ect (sic)), to the point where it would enable one skilled in the ordinary art to make use of the invention."

Applicant directs the examiner's attention to additional passages in Applicant's specification. For example, Applicant describes at page 2, line 30 to page 3, line 8:

> In general, a market maker can and will maintain different exposure limits for each security that it makes a market in. The exposure limit can be set by the market maker.
>
> The odd-lot execution manager does not execute an odd-lot order against a market maker unless the market maker had a sufficient exposure limit to fill the odd-lot order. Despite the potential for odd-lot processing in a security to suspend if no market maker establishes an exposure limit, it is likely that competitive forces to capture and service this segment of the market will yield swift and robust processing of odd-lot transactions.
>
> Executions occur when the odd-lot order becomes marketable, i.e., when the best price in the system moves to the price of the odd-lot limit order. The odd-lot execution manager

Applicant : John Malitzis et al.   Attorney's Docket No.: 09857-057001
Serial No. : 09/812,225
Filed   : March 19, 2001
Page   : 11 of 17

> 26g will not decrease the market maker's displayed quote size,
> rather it will decrease the market maker's odd-lot exposure limit.

Clearly, one of ordinary skill in this art would understand that an "odd-lot exposure limit" is a size parameter maintained for market makers, that can be set by the market makers and that specifies amount of a security that a market maker would desire exposure to odd lot orders for each security that it makes a market in.

At least these teachings, as well as the remainder of the specification, adequately describe and enable this feature of the invention in terms which correspond in scope to those used in describing and defining the subject matter sought to be patented. According, the examiner must take this term as being in compliance with the enablement requirement of 35 U.S.C. 112, first paragraph, since the examiner has failed to show any reason to doubt the objective truth of the statements relied on for enabling support. See MPEP. 2164.04.

It is well settled that a patent need not teach, and preferably omits, what is well known in the art. *In re Buchner*, 929 F.2d 660, 661, 18 USPQ2d 1331, 1332 (Fed. Cir. 1991); *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1384, 231 USPQ 81, 94 (Fed. Cir. 1986), cert. denied, 480 U.S. 947 (1987); and *Lindemann Maschinenfabrik GMBH v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1463, 221 USPQ 481, 489 (Fed. Cir. 1984).

Given the level of skill in this art, it is incumbent upon the examiner to show how the person of ordinary skill would be unable to implement a feature, as simple as setting a level up to which a market maker would desire exposure to odd lot orders for each security that it makes a market in.

The examiner is equally in error in regards to the claims being improper under 35 U.S.C. 112, second paragraph.

It is also well settled that it is not necessary for the claims to recite every element needed for practical utilization of the claimed subject matter in order for a claim to be proper under 35 U.S.C. §112, second paragraph, *Bendix Corp. v. United States*, 600 F.2d 1364, 1369, 204 U.S.P.Q. 617, 621 (Court of Claims, 1979). It is not the role of the claims to enable one skilled in the art to reproduce the invention, but rather to define the legal metes and bounds of the

invention. *In re Geoffe*, 526 F.2d 1393, 1397, 188 U.S.P.Q. 131, (CCPA, 1975). Here the examiner must shown that one of ordinary skill in the art would not understand the metes and bounds of the claims and in particular would not understand what Applicant meant by "an odd lot exposure limit." However, as argued above, this feature is clearly understandable to one of ordinary skill in this art, especially given the context of Applicant's specification.

Accordingly, Claims 1-26 are proper under 35 U.S.C. 112, first and second paragraphs and these grounds of rejection have been overcome and should be removed.

The examiner rejected Claims 1, 2, 4, 7-10 under 35 U.S.C. 102(e) as being anticipated by Samukawa et al US 2002/0023043 (hereinafter Samukawa).

Claim 1

With respect to claim 1, the examiner contends that:

> Samukawa discloses a system and method for supporting odd lot trading comprising the steps of:
> • Determining in a computer system whether an odd lot exposure limit has been exceeded for a quoting market participant (Page 1, paragraph 0005; Figure 2 Ref S9)
> • Routing a received odd-lot order for execution or delivery to a quoting market participant whose odd-lot exposure limit has not been exceeded and which is sufficient to satisfy execution of the order (Page 1, paragraph 0005; Figure 2 Ref S11,813)

Claim 1, as amended, is distinct over Samukawa, since Samukawa neither describes nor suggests determining ... whether an odd-lot exposure limit has been exceeded for a quoting market participant and routing a received odd-lot order ... to the quoting market participant whose odd-lot exposure limit has not been exceeded ... .

The examiner argues that the reference teaches the odd-lot exposure limit as paragraph 0005, Figure 2 Ref S9. Samukawa neither describes nor suggests this feature. Nowhere does Samukawa teach the recited odd-lot exposure limit. Accordingly, nowhere in the reference does

the reference describe or suggest ... routing a received odd-lot order ... to the quoting market

participant whose odd-lot exposure limit has not been exceeded ... .

In contrast Samukawa teaches:

> [0005] A method of the first aspect of the present invention for supporting
> a trading of an odd lot that is less than a round lot stock number determined in
> every stock company comprises the steps of: receiving from a customer, an odd lot
> selling order or an odd lot buying order for a particular stock company and storing
> information of the order into a storage device (for example, step S5 in FIG. 2, or
> step S35 in FIG. 10); judging whether or not the number of total stocks of the odd
> lot selling orders or the number of total stocks of the odd lot buying orders received
> at the receiving step is over a threshold value that is less than the round lot stock
> number and is determined by a predetermined rule (for example, step S9 in FIG. 2
> or step S39 in FIG. 10); and if it is judged at the judging step that the number of
> total stocks of the odd lot selling orders or the number of total stocks of the odd lot
> buying orders is over the threshold, generating a selling order of the round lot stock
> number defined for the particular stock company for the odd lot selling orders or a
> buying order of the round lot stock number defined for the particular stock
> company for the odd lot buying orders and outputting information of the order (for
> example, step S11 in FIG. 2, or step S41 in FIG. 10).

In Samukawa, the reference teaches to total the number of odd-lot stocks and generate a

round lot order ("... judging whether or not the number of total stocks of the odd lot selling

orders or the number of total stocks of the odd lot buying orders ... is over a threshold value that

is less than the round lot stock number and is determined by a predetermined rule (for example,

step S9 in FIG. 2 or step S39 in FIG. 10); and if ... the number of total stocks of the odd lot ... is

over the threshold, generating a selling order of the round lot stock number defined for the

particular stock company for the odd lot selling orders or a buying order of the round lot stock

number defined for the particular stock.'

In contrast, claim 1 is directed to a mechanism to insure fairness to market makers in

handling odd lot orders by the provision of the odd-lot exposure limit and routing of received

odd-lot orders based on the odd-lot exposure limit. No such feature is disclosed in Samukawa.

Claim 2

In rejection of claim 2, the examiner contends that:

> Samukawa discloses the claimed method supra and further discloses the
> step of determining whether an interval delay between executions of oddlots by a

> specified quoting market participant has been exceeded before routing a
> subsequently received odd-lot order for execution to the specified quoting market
> participant (Page 3, Paragraphs 0032-0034; timing t1).

Samukawa neither describes nor suggest determining whether an interval delay between executions of odd lots by a specified quoting market participant has been exceeded before routing a subsequently received odd-lot order for execution to the specified quoting market participant. The examiner cites page 3, paragraphs 0032-0034 and the timing t1 to support this feature. However, these passages do not deal with the interval delay as expressed in claim 2, but instead deal with timing related to stock updates, which is unrelated to the feature claimed in claim 2. Paragraph [0032] from Samukawa is reproduced below:

> [0032] Next, the round lot stock ordering unit 33 of the odd lot broker
> system 3 determines whether the number n of the total buying order stocks of the
> odd lot becomes equal to or higher than a predetermined threshold x as a result of
> accepting the odd lot buying orders until a predetermined timing t1 (step S9). The
> predetermined timing t1 is set according to, for example, a timing to update the
> stock price information. The predetermined threshold x has a lot of variations but
> for example, is determined as follows.

Clearly this teaching of "t1" is irrelevant to the claimed feature of ... an interval delay between executions of odd-lots ... before routing a subsequently received odd-lot order ... and instead is directed to the irrelevant concept of timing to update the stock price as Samukawa discloses.

Claim 7

Claim 7 is allowable for analogous reasons since as was shown by Applicant, Samukawa fails to disclose or suggest "the odd-lot exposure limit."

Claim 8

The examiner contends that:

> Samukawa discloses the claimed method supra and further discloses
> wherein routing a received odd-lot order occurs in an odd-lot execution manager
> that is a separate mechanism for processing and executing orders and distinct from
> a mechanism for processing normal units of trading. Samukawa shows a separate
> and distinct ""odd lot broker system" and a "Securities exchange system" in Figure

Applicant : John Malitzis et al.
Serial No. : 09/812,225
Filed : March 19, 2001
Page : 15 of 17

Attorney's Docket No.: 09857-057001

2, and further notes that the round lot stock ordering unit forwards non odd lot orders (i.e. normal orders) to the separate securities exchange system (Page 2, paragraph 0023).

Claim 8 is allowable over Samukawa since the reference neither describes nor suggests that the routing of a received odd-lot order occurs in an odd-lot execution manager that is a separate mechanism for processing and executing orders and distinct from a mechanism for processing normal units of trading.

The examiner contends that this feature is taught by Samukawa in Figure 2. However, in Figure 2, Samukawa teaches that the odd lots are totaled and then executed as a round lot. Samukawa does not teach an odd-lot execution manager but rather teaches execution of the odd lots as round lots using the same mechanism for processing normal, i.e., round lot units of trading.

Claim 9

As for claim 9, the examiner states that: "Samukawa discloses the claimed method supra and further discloses establishing an odd-lot order routing parameter of a predetermined number of orders per firm (Figure 2, Step S7; order insufficiency "m")"

This is incorrect. "Order insufficiency m" is disclosed by Samukawa as: "The selling order insufficiency means a difference between the round lot stock number and the number of the total selling order stocks of the odd lot." Thus, order insufficiency is a difference between the number of odd lot shares and a round lot. In contrast, claim 9 is directed to a routing parameter that accepts a predetermined number of orders at a rate per firm, e.g., market participant to provide fairness in execution of such orders.

Claim 10

Claim 10, as amended, is distinct over Samukawa, since the reference fails to disclose or suggest if the odd lot exposure limit has been exceeded ... determining a next available quoting market participant, by retrieving the next available quoting market participant's odd-lot exposure limit and determining whether the next quoting market participant has a remaining odd-lot exposure limit that can satisfy the order.

As should be clear by now, Samukawa does not teach the claimed "odd-lot exposure limit." Nevertheless, the examiner states that Samukawa discloses such at (Figure 2 Steps S17-S21; "establish exposure limit then provide stocks to each odd lot buying order)." However no such teaching is found in Samukawa. Samukawa does not even use the word "exposure" as the examiner improperly quotes.

The examiner rejected Claims 3, 5, 6 and 11-30 under 35 U.S.C.103(a) as being unpatentable over Samukawa.

The examiner rejects these claims under 103(a), apparently because the examiner recognizes that Samukawa "does not explicitly disclose the step of decrementing the odd-lot exposure limit for the quoting market participant against which the received odd-lot order was executed or delivered upon execution or delivery of the received odd-lot order."

However, to cure this deficiency, the examiner contends that:

> Steps S9-S15 in Figure 2, Samukawa is directly concerned with the odd-lot exposure of a participant, and works through an iterative process with the ideal goal of reaching a "buying order insufficiency" of zero for odd lots. In this manner, the system must have a way to constantly decrement the odd-lot exposure information of a participant once certain orders are executed, or else this limit would never approach zero, but instead would continue to rise with each new order. It would have been obvious to anyone skilled in the ordinary art at the time of invention to include the counting feature to the Samukawa disclosure, so an up to date and accurate depiction of odd-lot exposure can be determined.

Applicant contends that one cannot decrement what one does not disclose. Clearly, S15 in Figure 2 is the order insufficiency which is determined and decremented not an odd lot exposure limit. As disclosed by Samukawa: [0027] "Then, the order receiving and managing unit 31 calculates a difference between the round lot stock number and the number n of the total buying order stock, and notifies the difference of the investors and the same trading broker system 5 as buying order insufficiency m (step S7)." Hence, Samukawa does not disclose: "decrementing an odd-lot exposure limit for the quoting market participant against, which the received odd-lot order was executed or delivered upon execution or delivery of the received odd-lot order."
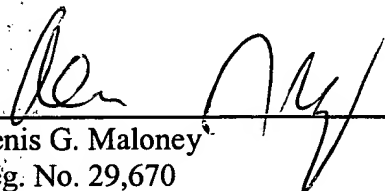
As for claims 5, 6 and 11-30, these claims are allowable over Samukawa for the reasons discussed in conjunction with their base claims or because independent claims 19 and 26 recite at least similar features of claim 1, e.g., determine whether an odd-lot exposure limit has been exceeded for a quoting market participant and route a received odd-lot order for execution or delivery to a the quoting market participant whose odd-lot exposure limit has not been exceeded and which is sufficient to satisfy execution of the order (Claim 19).

Enclosed is a **$450** check for the Petition for Extension of Time fee. Please apply any other charges or credits to deposit account 06-1050.

Respectfully submitted,

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